



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Century Financial Services

Person to be contacted regarding this report:	Milo L. McGonagle, President
CPP Funds Received:	\$10,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	6/19/2009
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	3632756
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	28362
City:	Santa Fe
State:	New Mexico

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Portfolio loan production for the last 6 months of 09 (CPP held) was \$19m in excess of the 1st 6 months of 09. Loan balances decreased because of construction pay-downs or credit migration.
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<input checked="" type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	<p>Loan production increased significantly in commercial and small business lending. SBA small business programs have increased dramatically . Century Bank was ranked #1 in NM for both 7a/ARC &amp; 504 for period 10/1/09-3/31/10.</p>
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>Liquidity (MBS and Fed Funds Sold) was increased to ensure adequate contingency funding and as short term investments until funds can be redeployed into loans.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input checked="" type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	<p>The provision for loan losses was increased in 6 month period ending 12/31 (vs. 6/30 - 6m period) by \$1 million. Charge-offs also increased during the period which reduced the Allowance for Loan Loss from 6/30 to 12/31.</p>

<input checked="" type="checkbox"/>	Reduce borrowings	Borrowings were reduced by \$5 million over this period.
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-offs increased from \$1 million during the first 6 months of 2009 to \$4 million during the last 6 months of the year.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Significant amount of funds were held in overnight fed funds sold (+23 million) for future deployment. The Bank's capital ratios have increased dramatically.

What actions were you able to avoid because of the capital infusion of CPP funds?

Stronger Bank capital ratios resulted in increased lending to qualified applicants and no discontinuance of any loan type (i.e. construction, land or commercial real estate) to qualified borrowers.

There were no asset class restrictions put into place because the Bank met the "bright-line" tests concerning commercial real estate.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Lending would have been curtailed to ensure capital ratios were maintained.

In addition, certain loan asset class lending (i.e. commercial real estate) would have been curtailed.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

The Bank's capital ratios were market leading and resulted in less consumer anxiety concerning the local banking market's safety.